



UNITED STATES OF AMERICA  
BEFORE THE  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

Saracen Merchant Energy LP

)

Docket No. EA- 303

APPLICATION OF  
SARACEN MERCHANT ENERGY LP  
FOR AUTHORIZATION TO  
TRANSMIT ELECTRIC ENERGY TO CANADA

Saracen Merchant Energy LP ("Saracen"), pursuant to Section 202(e) of the Federal Power Act ("FPA") (16 U.S.C. §824a(e)) and 10 C.F.R. §§ 205.300, *et seq.* (2004), hereby requests authorization to transmit electric energy from the United States to Canada for a period of five (5) years (or for such other period as the Department deems appropriate).

I. DESCRIPTION OF APPLICANT

The exact legal name of the applicant is Saracen Merchant Energy LP. Saracen is a Texas limited partnership. Saracen is engaged in the marketing of electric power at wholesale, as well as in the physical and financial trading of other energy products. Saracen has been authorized by the Federal Energy Regulatory Commission ("FERC") to engage in wholesale sales of electric power in interstate commerce, at negotiated rates, under its Rate Schedule FERC No. 1. *Saracen Energy LP, et al.*, 110 FERC ¶ 61,332 (March 24, 2005) (granting market-based rate authority to Saracen in Docket No. ER05-495-000). A copy of the FERC order is included with this application as Exhibit G.

Saracen is owned by Saracen Energy Advisors LP (a Texas limited partnership) ("Saracen Energy Advisors"), which is a general partner in Saracen, and Saracen Onshore LP (a Texas limited partnership) ("Saracen Onshore"), which is a limited partner in Saracen. Saracen is affiliated with two other entities that also are authorized to engage in the wholesale sale of

electricity at market-based rates: Saracen Energy LP, and Saracen Energy Power Advisors LP (see FERC order included in Exhibit G). Neither of these affiliates is seeking authorization to export electricity to Canada at this time.

Saracen does not own any electric generation or transmission facilities nor does it hold a franchise or service territory for the transmission, distribution or sale of electric power. In addition, none of Saracen's owners or affiliates owns any electric generation or transmission facilities, and none of them holds a franchise or service territory for the transmission, distribution or sale of electric power.

## **II. PARTNERS**

The partnership interests in Saracen are described above. Saracen is not seeking authorization to export power on behalf of, or in conjunction with any partners or partnerships.

## **III. COMMUNICATIONS**

Communications regarding this application should be addressed to the following:

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General Counsel  
Saracen Energy Partners, LP  
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#### **IV. ORGANIZATION OF APPLICANT, AUTHORITY TO DO BUSINESS**

Saracen is a Texas limited partnership with its principal place of business in Houston, Texas. Currently, Saracen is authorized to do business in the State of Texas.

#### **V. JURISDICTION**

Saracen does not know of any other Federal, State or local government that has jurisdiction over the actions to be taken under the authority sought in this Application.

#### **VI. FACILITIES**

Saracen intends to export power over existing transmission interconnections between the United States and Canada. Exhibit C to this Application provides the location and description of the transmission facilities through which the electric energy may be delivered into Canada, and includes the name of the facility owners as well as the Presidential Permit numbers.

#### **VII. TECHNICAL DISCUSSION OF PROPOSAL**

As noted above, Saracen has no "system" of its own on which exports of power could have a reliability or stability impact. The electric power Saracen will export, on either a firm or interruptible basis, will be purchased from others voluntarily and will therefore be surplus to the needs of the selling entities. Moreover, because Saracen does not have an obligation to serve native load, the exports proposed by Saracen will not impair its ability to meet current and prospective power supply obligations.

In previous orders granting export authorizations to electric power marketers, the Department declined to rigidly apply the information filing requirements contained in its regulations and instead used a flexible approach which takes into consideration the unique nature of power marketers, the requirements of FERC Order No. 888 and previously authorized export



limits of cross-border facilities.<sup>1</sup> These same considerations demonstrate that Saracen's proposed exports will not impair or tend to impede the sufficiency of electric supplies in the United States or the regional coordination of electric utility planning or operations.

Saracen's application is consistent with United States energy policy established in the Energy Policy Act of 1992, the North American Free Trade Agreement of 1993 and FERC Order No. 888, which fosters more efficient and competitive North American energy markets.

### **VIII. PROCEDURAL MATTERS**

Saracen is seeking authorization, as a power marketer, to export electricity through existing border facilities although specific transactions have not yet been finalized. The Department has granted export authority to similarly-situated electric power marketers. If required by the Department, Saracen is willing to accept general conditions consistent with the Department's previous power marketer export authorizations. In particular, if required by the Department, exports made by Saracen will not exceed the export limits for the transmission facilities utilized by Saracen, or otherwise cause a violation of the terms and conditions set forth in the export authorizations application to each. Saracen also commits to providing to the Department, if required, prior to commencing export, written evidence to the Department that it has secured sufficient transmission service for the delivery of power to the border. In addition, if required, when scheduling the delivery of power, Saracen will comply with applicable North

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<sup>1</sup> See, e.g., *NorAm Energy Services, Inc.*, No. EA-105-CN (Aug. 16, 1996); *MidCon Power Services Corp.*, No. EA-114 (July 15, 1996); *USGen Power Services*, No. EA-112 (June 27, 1996); *CNG Power Services Corp.*, No. EA-110 (June 20, 1996); *Destec Power Services, Inc.*, No. EA-113 (May 31, 1996); *North American Energy Conservation, Inc.*, No. EA-103 (May 30, 1996); *NorAm Energy Services, Inc.*, No. EA-105-MX (May 30, 1996); *Enron Power Marketing, Inc.*, No. EA-102 (Feb. 6, 1996); *Morgan Stanley Capital Group Inc.*, No. EA-185-A-CN (Aug. 14, 2000).

American Electric Reliability Council ("NERC") reliability criteria, standards, and guidelines. Finally, if required, for each calendar quarter, Saracen will provide the Department with reports indicating the gross amount of electricity delivered to Canada, consideration received during each month, and the maximum hourly rate of transmission.

## **IX. EXHIBITS**

The following exhibits are attached hereto as follows:

- Exhibit A – (Not applicable)
- Exhibit B – Legal Opinion of Saracen's Counsel
- Exhibit C – Transmission Facilities (submitted in lieu of maps)
- Exhibit D – (Not applicable)
- Exhibit E – (Not applicable)
- Exhibit F – (Not applicable)
- Exhibit G – FERC Market-Based Rates Order, 110 FERC ¶ 61,332 (2005)
- Exhibit H – Verification

To the extent necessary, Saracen requests a waiver of the requirement to provide the exhibits that are not applicable to its application, as noted.

**X. CONCLUSION**

**Wherefore**, Saracen Merchant Energy LP respectfully requests that the Department review and grant this application in an expeditious manner.

Respectfully submitted,

Dede Russo

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*Counsel to  
Saracen Merchant Energy LP*

May 2, 2005

**EXHIBIT B**

**Opinion of Legal Counsel**

## LEGAL OPINION

The following opinion is given in support of the Application of Saracen Merchant Energy LP for Authorization to Transmit Electric Energy to Canada, dated May \_\_, 2005.

1. I am an attorney at law, authorized to practice law in Texas;
2. I am employed as General Counsel to Saracen Energy Partners, LP;
3. Saracen Merchant Energy LP is duly incorporated, validly existing and in good standing under the laws of the State of Texas and is authorized to do business in the State of Texas;
4. Saracen Merchant Energy LP has full corporate power and authority to buy, sell or act as a marketer/broker in the sale and exportation of electric energy as required in the Application; and
5. Saracen Merchant Energy LP will comply with all federal and state laws.



Dede Russo  
General Counsel



**EXHIBIT C**

**Authorized Export Points**

### Authorized Export Points

| <u>Owner</u>                          | <u>Location</u>         | <u>Voltage</u> | <u>Presidential<br/>Permit No.</u> |
|---------------------------------------|-------------------------|----------------|------------------------------------|
| Basin Electric                        | Tioga, ND               | 230-kV         | PP-64                              |
| Boise Cascade                         | International Falls, MN | 115 kV         | PP-96                              |
|                                       | International Falls, MN | 6.6-kV         | PP-39                              |
| Bonneville<br>Power<br>Administration | Blaine, WA              | 2-500 kV       | PP-10                              |
|                                       | Nelway, WA              | 230-kV         | PP-36                              |
|                                       | Nelway, WA              | 230-kV         | PP-46                              |
| Eastern Maine<br>Electric Coop.       | Calais, ME              | 69-kV          | PP-32                              |
| International<br>Transmission Co.     | St. Clair, MI           | 345-kV         | PP-230                             |
|                                       | Marysville, MI          | 230-kV         | PP-230                             |
|                                       | Detroit, MI             | 230-kV         | PP-230                             |
|                                       | St. Clair, MI           | 345-kV         | PP-230                             |
| Joint Owners of<br>Highgate Project   | Franklin, VT            | 120-kV         | PP-82                              |
| Long Sault, Inc.                      | Massena, NY             | 2-115-kV       | PP-24                              |
| Maine Electric Power<br>Co.           | Houlton, ME             | 345-kV         | PP-43                              |
| Maine Public<br>Service Co.           | Limestone, ME           | 69-kV          | PP-12                              |
|                                       | Fort Fairfield, ME      | 69-kV          | PP-12                              |
|                                       | Aroostock County, ME    | 138-kV         | PP-29                              |
|                                       | Madawaska, ME           | 2-69-kV        | PP-29                              |
| Minnesota Power, Inc.                 | International Falls, MN | 115-kV         | PP-78                              |
| Minnkota Power<br>Coop., Inc.         | Roseau County, MN       | 230-kV         | PP-61                              |
| New York Power<br>Authority           | Ft. Covington, NY       | 765-kV         | PP-56                              |
|                                       | Massena, NY             | 2-230-kV       | PP-25                              |
|                                       | Niagara Falls, NY       | 2-345-kV       | PP-74                              |
|                                       | Devils Hole, NY         | 230-kV         | PP-30                              |

| <u>Owner</u>                         | <u>Location</u>                    | <u>Voltage</u>       | <u>Presidential<br/>Permit No.</u> |
|--------------------------------------|------------------------------------|----------------------|------------------------------------|
| Niagara Mohawk<br>Power Corp.        | Devils Hole, NY                    | 230-kV               | PP-190                             |
| Northern States<br>Power Co.         | Red River, ND<br>Roseau County, MN | 230-kV<br>500-kV     | PP-45<br>PP-63                     |
| Northern States/Xcel                 | Rugby, ND                          | 230-kV(Not<br>built) | PP-231                             |
| Vermont Electric<br>Coop. Co.        | Derby Line, VT                     | 120-kV               | PP-66                              |
| Vermont Electric<br>Transmission Co. | Norton, VT                         | ±450-kV DC           | PP-76                              |